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STADIS/////////
FOR AMBASSADOR FROM TODMAN

E.O. 11652:GDS

TAGS:PFOR

SUBJECT: ARA WEEKLY HIGHLIGHTS

SUMMARY; IDB LOAN TO EL SALVADOR POSTPONED. HIGH-LEVEL
U.S. PARTICIPATION IN BUENOS AIRES OAS TRADE TALKS. NEW
CONGRESSIONAL INITIATIVES FOR SANCTIONS ON ARGENTINA.
PLANNING FOR MRS. CARTER'S LATIN AMERICA TRIP. SECRETARY
VANCE WILL ATTEND OASGA IN GRENADA. PROGRESS IN IMPORTANT
PANAMA CANAL NEGOTIATING ROUND. SYMPOSIUM HELD ON U.S.-
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LATIN CULTURAL RELATIONS. PARENTS AND FAMILIES OF
AMERICAN CITIZEN PRISONERS IN BOLIVIA LOBBY IN WASHINGTON.

U.S. ECONOMIC TEAM CONCLUDES
DISCUSSIONS WITH JAMAICA.

1. IDB LOAN FOR EL SALVADOR POSTPONED: ON INSTRUCTIONS

FROM THE ACTING SECRETARY, SALVADORAN AMBASSADOR BERTRAND WAS INFORMED THAT THE U.S. WOULD SEEK A POSTPONEMENT OF EL SALVADOR'S \$90 MILLION IDB LOAN FOR THE SAN LORENZO HYDRO-ELECTRIC PROJECT. THIS STEP WAS BASED ON OUR CONCERN OVER HUMAN RIGHTS SITUATION IN EL SALVADOR, INCLUDING TREATMENT OF U.S. CITIZENS, AND BECAUSE OF QUESTIONS ABOUT THE PROJECT'S ECONOMIC RATIONALE. AFTER RECEIVING

INSTRUCTIONS, AMBASSADOR BERTRAND INFORMED THE BUREAU THAT HIS GOVERNMENT WOULD ITSELF REQUEST A POSTPONEMENT OF THE LOAN.

2. HIGH LEVEL U.S. PARTICIPATION AT BUENOS AIRES OAS TRADE TALKS: DEPUTY ASSISTANT SECRETARY-DESIGNATE RICHARD ARELLANO IS HEADING THE U.S. DELEGATION TO THIS WEEK'S OAS TRADE CONSULTATIONS IN BUENOS AIRES. WE SEE THE MEETING AS AN OPPORTUNITY TO PURSUE THE PRESIDENT'S COMMITMENT TO CONSULT WITH LATIN AMERICAN GOVERNMENTS ON TRADE AND OTHER MATTERS.

3. CONGRESSIONAL ACTION ON ARGENTINA: IN CONNECTION WITH THE MARKUP OF THE FOREIGN ASSISTANCE LEGISLATION IN THE CONGRESS, TWO AMENDMENTS ON ARGENTINA ARE UNDER CONSIDERATION. ONE BY SENATOR CHURCH WOULD PROHIBIT MILITARY ASSISTANCE TO ARGENTINA, INCLUDING FMS CREDITS, CASH SALES, COMMERCIAL SALES AND TRAINING. REPRESENTATIVE STUDDS IS PREPARING AN AMENDMENT ALONG THE SAME LINES, BUT IF THAT DOES NOT GARNER ENOUGH SUPPORT, HE IS PREPARING A SENSE OF CONGRESS RESOLUTION THAT WOULD NOTE THAT

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ARGENTINA MAY BE ENGAGING IN A CONSISTENT PATTERN OF GROSS VIOLATIONS OF HUMAN RIGHTS, AND WOULD ASK THE DEPARTMENT TO PREPARE A REPORT ON ARGENTINA IN ACCORDANCE WITH SECTION 502 (B) OF THE FOREIGN ASSISTANCE ACT.

4. MRS. CARTER'S LATIN AMERICAN TRIP: THE BUREAU AND NSC HAVE COMPLETED SEVERAL BRIEFING SESSIONS WITH MRS. CARTER AND HER STAFF. A SIX-MAN ADVANCE TEAM FROM THE WHITE HOUSE AND STATE IS NOW VISITING ALL SEVEN PLANNED STOPS IN HER ITINERARY TO WORK OUT SCHEDULING AND OTHER ARRANGEMENTS.

5. PREPARATIONS FOR OASGA: AMBASSADOR MCGEE HAS INFORMED KEY OAS AMBASSADORS THAT SECRETARY VANCE WILL PARTICIPATE IN THE GENERAL ASSEMBLY AND WILL BE IN GRENADA JUNE 15-17.

6. PANAMA CANAL TREATY NEGOTIATIONS: FOLLOWING THREE NEGOTIATING SESSIONS IN WASHINGTON MAY 9-11, PANAMA'S

CHIEF NEGOTIATOR, ROMULO ESCOBAR BETANCOURT, AND ARISTIDES ROYO (MINISTER OF EDUCATION) RETURNED TO PANAMA FOR CONSULTATIONS WITH GENERAL TORRIJOS ON THE PROPOSALS WHICH THE U.S. NEGOTIATORS MADE MAY 11 ON LANDS AND WATERS, NEUTRALITY, THE SHAPE OF THE ENTITY AND EMPLOYEE RIGHTS. THE NEGOTIATORS RETURNED TO WASHINGTON ON MAY 17 ACCOMPANIED BY SEVERAL TREATY ADVISORS. THE TALKS WERE RESUMED MAY 18.

THE "WASHINGTON POST" CARRIED A FRONT PAGE STORY ON MAY 18 BASED ON AN INTERVIEW WITH GENERAL TORRIJOS WHICH CONCLUDES THAT A "BREAKTHROUGH" IS CONSIDERED NEAR. (TORRIJOS SUBSEQUENTLY ISSUED A PUBLIC DENIAL.) WHILE IT IS TOO EARLY TO PREDICT THE OUTCOME, PROGRESS IS BEING MADE IN THIS ROUND WHICH IS TAKING ON CONSIDERABLE IMPORTANCE.

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7. SYMPOSIUM OF U.S.-LATIN AMERICAN CULTURAL RELATIONS: ON MAY 12 ARA AND CU JOINTLY SPONSORED A ONE-DAY SYMPOSIUM ON U.S.-LATIN AMERICAN CULTURAL RELATIONS. APPROXIMATELY 45 ACADEMICS, LEADERS OF GOVERNMENT AND PRIVATE EXCHANGE ACTIVITIES, REPRESENTATIVES OF HISPANIC-AMERICAN ORGANIZATIONS, AND OTHERS CONCERNED WITH OUR CULTURAL RELATIONS WITH LATIN AMERICA ATTENDED. THE SESSION STRESSED GAPS IN CURRENT EXCHANGE ACTIVITIES AND POSSIBLE NEW PROGRAM DIRECTIONS, INCLUDING SUGGESTIONS YOU HAD SENT TO THE DEPARTMENT EARLIER IN THE WEEK. YOUR RESPONSES WERE USEFUL AND MUCH APPRECIATED.

8. BOLIVIAN PRISONER ISSUE: THE PARENTS AND FAMILIES OF AMERICAN CITIZENS IMPRISONED IN BOLIVIA ON NARCOTICS CHARGES HAVE BEEN IN WASHINGTON FOR THE LAST TWO WEEKS ACTIVELY LOBBYING FOR THEIR RELATIVES' RELEASE. THEY HAVE ENLISTED THE SUPPORT OF SEVERAL SENATORS AND CONGRESSMEN, AND HAVE HELD AT LEAST TWO PRESS CONFERENCES, A ONE-HOUR PRAY-IN AT THE DEPARTMENT C STREET ENTRANCE, AND A THREE-HOUR SIT-IN IN THE OFFICES OF ARA/AND. THEY HAVE VISITED VARIOUS OFFICIALS IN THE DEPARTMENT UP TO AND INCLUDING THE ACTING SECRETARY, AS WELL AS OTHER AGENCIES SUCH AS DEA. THEY ARE DEMANDING RELEASE OF ALL THE PRISONERS. I MET WITH THE PARENTS MAY 18 AND REPORTED ON MY DISCUSSIONS WITH PRESIDENT BANZER AND OTHER SENIOR GOB OFFICIALS DURING MY MAY 16 VISIT TO LA PAZ. ALTHOUGH WE DID NOT EXPECT MY VISIT TO PRODUCE DRAMATIC RESULTS, WE ARE ENCOURAGED BY THE RELEASE, ON MAY 14, OF ONE PRISONER HELD ON RELATIVELY MINOR CHARGES, PROSPECTS FOR EARLY RELEASE OF SEVERAL OTHERS, AND ENCOURAGING INDICATIONS THAT THE JUDICIAL PROCESS FOR

AMERICANS HELD IN JAIL ON NARCOTICS CHARGES MAY BE
ACCELERATED.

9. U.S. ECONOMIC TEAM DISCUSSIONS WITH JAMAICA: THE
U.S. TEAM CONCLUDED FIVE DAYS OF DISCUSSION OF JAMAICA'S
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ECONOMIC CRISIS AND ASSISTANCE REQUIREMENTS. THE TEAM
AGREES THAT JAMAICA IS IN SERIOUS TROUBLE AND MUST SEEK
\$200 MILLION IN 1977 AID. THE GOJ WILL NEED \$25 MILLION
FROM THE IMF TO SQUEAK THROUGH UNTIL JUNE 30. THE CRUNCH

WOULD THEN COME IN JULY-SEPTEMBER, AND ANY USG AID
WOULD HAVE TO BEGIN TO FLOW BY THEN IN ORDER TO BE
MEANINGFUL. SUBSTANTIAL AID MUST ALSO COME FROM
COMMERCIAL BANKS AND OTHER GOVERNMENTS. VANCE

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